

**PHILIP J PRATT BSc MRICS
RICS REGISTERED VALUER**

**PROOF OF EVIDENCE
ON VIABILITY**

For Public Inquiry:

APPEAL SITE:	Land at North Road West and Grovefield Way (Corinthian Park), Cheltenham
APPELLANT:	Hinton Properties (Grovefield Way) Limited
PINS REF:	APP/B1605/W/18/3200395
LPA REF:	16/02208/FUL & 18/01004/FUL

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1.0 INSTRUCTIONS

- 1.1. My name is Philip John Pratt and I am a Partner at Alder King. I am instructed to present evidence at the Inquiry by Hinton Properties (Grovefield Way) Limited (hereafter referred to as the 'Appellant'). This evidence at this Inquiry relates to two Appeals namely:-

Application 16/02208/FUL 'APPEAL A'

2016 scheme: Hybrid application seeking detailed planning permission for a 5,034 m² of commercial office space (Use Class B1), 502 m² day nursery (Use Class D1), 1,742 m² supermarket food retail unit (Class A1), a 204 m² coffee shop retail unit and drive-thru (Use Classes A1 and A3), with associated parking, landscaping and infrastructure works. Outline planning permission sought for the erection of 8,034 m² of commercial office space (Use Class B1), together with associated car parking, landscaping and infrastructure works, with all matters reserved (except access).

Application 18/01004/FUL 'APPEAL B'

2018 scheme: Hybrid application seeking detailed planning permission for 5,914 m² of commercial office space (Use Class B1), 502 m² day nursery (Use Class D1), 1,742 m² food retail unit (Use Class A1), with associate parking, landscaping and infrastructure works. Outline planning permission sought for the erection of 8,034 m² of commercial office space (Use Class B1), together with associated car parking, landscaping and infrastructure works, with all matters reserved - except access (resubmission).

- 1.2. My evidence addresses the requirement for business parks to provide a variety of on-site ancillary facilities together with the necessary amenities required by office users. My evidence considers the necessary cross sub-subsidy (enabling development/financial viability) to deliver much needed Grade A office space suitable for small to medium sized local and regional companies (465 – 4,645 m²/5,000 – 50,000 ft²).

1.3. The evidence which I have prepared and provided for the Inquiry (PINS Reference No. APP/B1605/W/18/3200395) is true and has been prepared in accordance with the relevant guidance. I confirm that the opinions expressed are my genuinely held professional view, irrespective of by whom I am instructed. In accordance with my profession's requirements as an Expert Witness a full statement of truth and declaration is provided in Section 9 of this Proof of Evidence.

2.0 QUALIFICATIONS AND EXPERIENCE

- 2.1. I am a Member of the Royal Institute of Chartered Surveyors (MRICS) and the joint Lead Partner in the Gloucester office where I have been based since 1987. I have over 30 years' experience in private practice and am engaged in the commercial development land market and have had involvement in schemes such as Gloucester Docks, Waterwells Business Park, Gloucester Business Park, Tewkesbury Business Park and Stonehouse Park.
- 2.2. In addition Alder King is a leading independent property consultancy providing multi-disciplinary advice to private and public clients through our network of offices in Bristol, Cardiff, Exeter, Gloucester, Swindon, Taunton and Truro.
- 2.3. I regularly undertake viability appraisals and valuations for various purposes and on a variety of different property types.
- 2.4. I have been instructed by the Appellant to give evidence at this Inquiry to assess the commercial deliverability of providing a Class B1 employment use at Grovefield Way in light of the wording of the emerging policy EN3 as set out in the pre-submission version of the Cheltenham Plan. This states:-

“Proposals for traditional B class employment uses for Sui Generis uses that exhibit the characteristics of traditional B class employment will be supported at these locations to being in accord with other relevant policies embodied in this Plan”.

3.0 PLANNING

The description of the Site, the development proposals and the relevant planning history is addressed in the Statement of Common Ground and planning proof of James Griffin. I do not repeat it here.

4.0 CHELTENHAM BUSINESS SPACE

- 4.1. In order to deliver a modern business park environment it is important that employment policy is flexible and supports complimentary uses to ensure delivery of high quality business parks that are desired by the market.
- 4.2. It is clear from the “Review of Business Parks” prepared by Nathaniel Lichfield and Partners dated August 2011 (in support of the now adopted JCS), Cheltenham does not have the benefit of a purpose designed high quality gateway business/office park. The majority of the business park/commercial sites within the Cheltenham Borough Boundary are older style mixed B1 uses rather than providing a dedicated office centre (with complimentary uses). The report confirms prime sites “such as Gloucester Business Park and Waterwells Business Park achieve higher ‘market attractiveness’ scores due to better quality appearance and higher profiles than the more traditional sites. These sites and their respective units have good potential to meet future growth sectors identified in the GIES”. In addition based on the summary of the existing stock a high quality scheme at Grovefield Way would provide Cheltenham with its own high quality gateway site. It is apparent that at the current time Cheltenham cannot compete with the regional purpose designed motorway located business park facilities and could miss out on attracting medium sized office occupiers.
- 4.3. It is also apparent from my experience that office occupiers expect the new generation of business parks to not only be situated in an accessible location with high quality accommodation, but also to provide an attractive on-site environment with complimentary ancillary uses. In particular, this is highlighted with the level of activity at Arlington’s Gloucester Business Park (the County’s prime business park location situated adjacent to Junction 11A of the M5). There are also examples of older Business Parks having to be re-planned/rationalised to provide such facilities in order to maintain occupancy levels. In addition at Stonehouse Park (Junction 13 of the M5) there is a current planning appeal for a Costa coffee shop/drive thru to provide on-site facilities and to avoid the necessity for employees having to leave the site during office hours.

- 4.4. In my experience the business parks which are most popular with occupiers are those with the best range of complimentary uses. For example the absence of complimentary uses/amenity at Tewkesbury Business Park has held back/reduced the popularity of the office developments at Miller Court and The Courtyard. This is confirmed by the letter from Hawkins Watton regarding office developments at Tewkesbury Business Park. A copy is enclosed in Appendix 1. I am also aware from previous discussions with occupiers on these schemes that unless staff drive off-site lunchtime resources are limited to mobile providers.
- 4.5. It is now difficult to envisage any new larger scale business park being developed without such complimentary ancillary facilities.
- 4.6. In addition my experience confirms that the provision of on-site complimentary ancillary facilities will enhance rather than reduce the attractiveness of the primary office use (approx. 84.22% of the total developable spaces – 2017 refusal). These facilities together with a high standard landscaping will provide amenity for staff during ‘break out’ periods and reduce the need for employees to leave the Park during office hours. In my opinion the absence of on-site complimentary amenities would lead to a much longer development period and even if it became financially possible to undertake developments on the site (currently the scheme is not viable/deliverable) this would be on a piecemeal basis rather than providing a cohesive high quality environment.
- 4.7. The scheme proposals will therefore bring forward, in the context of the local market, a long awaited provision of Grade A office space which should assist in maintaining companies within Cheltenham Borough and compete with the main motorway located business parks for relocations. The reduced level of office space is still very substantial in the context of the local and regional markets.
- 4.8. In our opinion the extant permission for a 100% B1 scheme will be less attractive to the occupier market in terms of the environment/staff amenity. These occupiers are therefore likely to be drawn to the competing schemes across the region which offer the complimentary facilities which now form an integral part of the on-site business park offering.

- 4.9. The provision of these facilities should have a positive impact on discussions with prospective tenants as it is a consideration in terms of staff recruitment and retention. Staff generally expect easy access, without having to leave the business park/travel by car, to these facilities for break out, child care and lunchtime, top up and potentially weekly shopping.
- 4.10. In addition to the employment opportunities provided by the offices the complimentary ancillary uses will create long term local full and part time jobs. The identified users have confirmed minimum lease terms, without tenant options to break, of 15-25 years. It is likely the B1 office transactions, although offering high quality jobs, will incorporate a tenant option to break at the expiry of Year 10.
- 4.11. The importance of such facilities is further highlighted by first LEP support in their Pre-submission consultation requesting, “the Council take a more practical and flexible approach to the development of new business parks recognising it is common place for new business parks to provide complimentary and ancillary uses on site ... The addition of these ancillary facilities and uses maintains the attractiveness of the park for end users and improves the viability and delivery of the B class employment. Such uses are also recognised as providing a significantly higher number of jobs than the equivalent floor space or site area of B class uses as well as providing much needed amenity”.
- “It is considered that the Plan should make reference to ancillary uses being acceptable on employment parks provided they do not exceed 20% of the intended employment content”.
- 4.12. I have attached at Appendix 2 letters from Colliers International and John Ryde Commercial, which support my opinion regarding the necessity for complimentary users to create an office destination location.

5.0 SOUTH WEST BUSINESS PARKS – AMENITIES

5.1. In general on site amenities are now expected as standard on the main business parks of the South West and further afield. This is highlighted by the following schemes across the South West region:

Business Park Address	Ancillary Facilities
Gloucester Business Park, Gloucester (Junction 11A, M5)	Tesco Superstore Pub/restaurant with Premier Inn Hotel David Lloyd Club (Leisure) Whittle Retail Centre including Costa, Greggs and Domino Pizza.
Barnwood Fields, Barnwood, Gloucester	Sainsburys foodstore (full facility) Holiday Inn with Starbucks
Waterwells Business Park, Quedgeley, Gloucester (road link for additional facilities at Kingsway)	Holiday Inn Express Public house/restaurant Café
Kembrey Park, Swindon	Crèche Brewers Fayre Public House Premier Inn Hotel Sandwich/Coffee Shop
Delta Office Park Swindon	Campanile Hotel KFC Drive-thru Children's Day Nursery Londis Convenience Store Tennis/Health Club.
Shrivenham Hundred Swindon	On-site Café 3 Retail Units Public House McDonalds Drive-thru Co-op Convenience Store within 300 metres.
Lydiard Fields Swindon (Junction 16, M4) (a new footpath links with the adjacent business park facility at Windmill Hill – share amenity facilities)	Costa drive-thru Londis Convenience Store Greggs Subway
Hawk Ridge Business Park Westbury	Drive-thru Convenience Store Three Retail Units To be built and located at the front of the site providing 35 acre mixed use business park – also adjacent to the 160 acre West Wilts Trading Estate.

Business Park Address	Ancillary Facilities
Aztec Centre (Junction 16, M5) Bradley Stoke/Almondsbury Bristol	2 Hotels Convenience Store Restaurant Starbucks
Weston Business Quarter (Junction 21 M5) Weston-Super-Mare	Public House/Hotel Convenience Store – Co-op. 4 Retail units.
Express Park (Junction 23 M5) Bridgwater	Brewers Fayre Public House/Restaurant Premier Inn Shell PFS with Budgens Convenience Store Nursery Gym
Bridgwater Gateway (Junction 24, M5)	Premier Inn Hotel (under construction) Public House opposite the Park Costa (under construction) 3 Retail units proposed.
Blackbrook Business Park (Junction 25, M5) Taunton (adjacent to DeanGate Services and Holiday Inn with gym/leisure)	Holiday Inn Express Pub/Restaurant Nursery/Crèche
West Park 26 (Junction 26, M5) Wellington	PFS with Convenience Store Costa drive-thru Public House Gym/Leisure Subway

- 5.2. In addition the provision of these facilities on new business parks is leading to some older generation business parks, which would now be master-planned with on-site amenities, looking to add these facilities or provide linkage to adjoining facilities.

6.0 DELIVERABILITY

- 6.1. The Royal Institution of Chartered Surveyors (RICS) published their Guidance Note titled “Financial Viability in Planning” 1st Edition (RICS Viability GN) in August 2012. The document has the status of a Guidance Note to set out best practice for practitioners involved in undertaking viability appraisal work.
- 6.2. The RICS Viability GN similarly highlights the importance of providing acceptable returns to both developer and landowner.
- 6.3. The ‘Gateway’ Business Park will only be developed if it is commercially/financially viable based on current capital values/rents and yields, market incentives, construction costs (currently rising at a faster rate than values), specific historic/abnormal costs and associated professional and agency fees.
- 6.4. It is clear from the initial financial viability testing that any speculative office element is not fundable based on standard market returns. However the proposed scheme with non-B1 complimentary ancillary uses will deliver a higher level of profit/return on cost (more acceptable level). In effect the provision of the non-B1 complimentary uses provides a cross subsidy to the offices (enabling development), which is the main part of the scheme. The surplus generated from the non-B1 complimentary activities will cover the upfront/historic infrastructure costs and contribute to the abnormal/additional development costs including high quality landscaping. It will also give traditional funders confidence to provide development finance for the offices. Indeed it reduces the perceived higher level of risk associated with 100% B1 use, especially as the absence of complimentary ancillary uses will in all probability weaken the position of the scheme in the market and put downward pressure on rents/tenants requiring above market level incentives. The original scheme for 100% B1 use has not been deliverable since the original 2014 planning approval and based on current market conditions will not be developed in the short term.

- 6.5. The inclusion of the complimentary ancillary uses will make the business park offering to potential office occupiers more attractive and create early momentum for the provision of a substantial amount of Grade A space. In the longer term these facilities should help to maintain the position of the business park in the market place. It is therefore imperative that employment policy is flexible enough to ensure that new employment sites coming forward are able to include other job creating complimentary uses to secure delivery of B class led developments.
- 6.6. The issue of delivering significant amounts of office space on a speculative basis is an issue across the region. Effectively there is only one major speculative development which is located in Bristol and where Royal London are delivering a scheme to be known as The Distillery at Glassfields (8,361 m²/90,000 ft²). All other major schemes appear reliant on significant pre-let and pre-sale agreements in order to reduce the risk of the upfront infrastructure costs relating to larger sites.

7.0 FINANCIAL DELIVERABILITY

7.1. I have had input into and reviewed the standard residual appraisals provided by the Appellant. The appraisals, which have regard to market evidence/industry standards, are based on the contracted land value, current capital values/rents and yields, appropriate market incentives, construction costs, upfront/historic infrastructure costs and appropriate professional and agency fees. The results of the appraisals are summarised below:-

Appraisal A – Extant scheme based on 100% B1 offices

GDV	Profit (on cost %)
£48,896,692	-£251,256 (-0.51%)

In addition I have also tested schemes pursuant to Permitted Development Rights ('permissible' schemes). These alternatives make the situation worse and are clearly unviable.

Appraisal B – Single office building – pre-sale to Bloor Homes only

GDV	Profit (on cost %)
£6,649,964	£215,421 (3.35%)

The above demonstrates that a single office building is not deliverable/fundable due to an unrealistically low level of return when compared to the market standard. There is no possibility of funding such a scheme even with a pre-commitment from a national company such as Bloor Homes.

Appraisal C – Appeal A Scheme with single office building and full ancillary uses (further B1 space to be provided)

GDV	Profit (on cost %)
£15,512,479	£2,065,751 (15.36%)

This scheme produces a more appropriate level of profit which will be used to bring forward the remainder of the B1 space.

Appraisal D – Appeal B Scheme with reduced ancillary uses - excluding Costa

GDV	Profit (on cost %)
£16,790,148	£1,898,439 (12.75%)

The reduced level of profit, due to the exclusion of Costa, reduces the amount of cross subsidy available for the remaining B1 development.

- 7.2. In the real world deliverability/viability of a 100% B1 scheme is clearly illustrated by the Appraisals A and B. The return is not at a commercially acceptable level and is therefore not fundable. In addition the likely level of take-up rate for B1 space will increase holding costs and have a further negative effect on the deliverability (insufficient return/reduce the level of return).

- 7.3. The costings adopted in the Appellant's appraisals have been verified by RPS. In addition it is generally accepted that in at least the short term values will not increase at the same rate as costs putting further pressure on the deliverability of scheme.
- 7.4. Copies of the Appraisals are attached at Appendix 3.

8.0 SUMMARY

- 8.1. In conclusion, I believe based on current market conditions, Corinthian Park will only provide the Grade A office space if the overall scheme includes the complimentary ancillary uses (enabling development - extant 100% B1 scheme not deliverable since the outline planning approval granted 2014). This is not only because the complimentary ancillary uses would provide the necessary cross-subsidy for the offices (enabling development – reduce the risks associated with a speculative office scheme), but such facilities are expected by local and regional occupiers as part of any new business park offering/amenity. The more complete business park package should ensure the developed offices are able to compete on a local and regional level for small to medium sized office occupiers. In addition, in the longer term, the provision of these facilities should sustain the Grovefield Way development as a prime business location and the initial phase, including Grade A offices, on-site ancillary facilities and a high standard of landscaping, provide the impetus/catalyst for pre-lets/pre-sales of the remainder of the office scheme (flexibility of approach in terms of pre-lets/pre-sales to achieve early activity whereas other schemes only offer leasehold packages).
- 8.2. In my opinion the hybrid proposals are most suited to current market conditions and are deliverable unlike the 2014 extant permission which effectively requires the pre-letting/pre-sale of 16,800 m² (180,835 ft²) of 100% B1 space. However, in my opinion such B1 space, due to the ‘Gateway’ location, should provide high quality design and specification offices rather than lower value B1, B2 or B8 uses covered under Permitted Development Rights. The latter uses would most likely detract from the prestige of the location and also provide a lower number of less skilled employment opportunities.
- 8.3. Moreover, it is clear that any iteration of the appeal site that does not include ancillary uses outside of B1, B2 and B8 uses would not be viable (indeed on a best case scenario a developer would still be developing the site without a market standard return/at a loss).

9.0 DECLARATION

- 9.1. I confirm that my Proof of Evidence has drawn attention to all material facts which are relevant and have affected my professional opinion.
- 9.2. I confirm that I understand and have complied with my duty as an Expert Witness which overrides any duty to those instructing or paying me, that I have given my evidence impartially and objectively, and that I will continue to comply with that duty as required.
- 9.3. I confirm I am not instructed under any conditional or other success based fee agreement.
- 9.4. I confirm that my Proof of Evidence complies with the requirements of the RICS – Royal Institution of Chartered Surveyors, as set down in the RICS Practice Statement *Surveyors acting as Expert Witnesses*.

Signature:



Date: 7 December 2018

Appendix 1 – Letter from Hawkins Watton



Our ref: JW/gd

Mr P Pratt
Alder King
Brunswick House
Gloucester Business Park
Gloucester GL3 4AA

27 November 2018

Dear Phil

GROVEFIELD WAY PLANNING APPLICATION

Further to our recent discussions I understand that you require some additional support for the planning application at Grovefield Way.

Accordingly I can confirm that as the most active office agent over the past 10 years in relation to the disposal of office space on the business parks situated on the M5 between Junctions 13 and 9, I can confirm that the lack of amenity has often been raised as a cause of concern from office occupiers.

The lack of easy access to amenities such as coffee shops, restaurants and convenience shops is a negative issue for companies in relation to staff retention and will affect their decision making when considering relocating, particularly from a city or town centre location to an out of town office park.

As an example Tewkesbury Business Park has suffered from the lack of such onsite amenities that has deterred companies from relocating, and conversely the business parks that can offer these amenities such as Gloucester Business Park at Junction 11A have attracted the most prestigious occupiers and continue to command the highest level of demand.

A developer who is able to provide amenity uses to compliment the business uses on a business park can expect to improve the occupier demand, and is likely to experience shorter vacant marketing periods.

I trust this provides sufficient supporting information for you at this stage and please let me know if I can be of any further assistance.



With kind regards,

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Hawkins', with a large, stylized initial 'J'.

John Hawkins

Appendix 2 – Letters from Colliers International & John Ryde Commercial

12th Floor, Eleven Brindleyplace
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28 March 2017

Jon Hinton
Reims House,
8 The Croft,
Buntsford Drive,
Bromsgrove
B60 4JE

Dear Jon,

CORINTHIAN PARK, GROVEFIELD WAY, CHELTENHAM

Further to our discussion in respect of the proposed office accommodation at the above site, I confirm that the process typically undertaken to secure office occupiers off plan encompasses the following sequential stages: -

- Obtain an office use planning consent (ideally at least part detailed rather than just outline)
- Secure 'named' complimentary users within the estate to provide companies with ancillary facilities and create a destination rather than a sterile business park.
- Demonstrate to potential occupiers the developer's credibility through track record, detailed development program, appointed contractor and secured funding.
- Undertake a comprehensive suite of marketing to target occupiers through boards, brochures, occupier mailing, website, PR, site launch etc.

The gestation period for office enquiries between opening discussions to delivering a completed property is typically far longer than other sectors including retail, industrial and roadside uses. This is due to office requirements often being based upon more subjective factors and/or of a bespoke element, whether they be fit-out or mechanical and electrical related. Accordingly, it is extremely rare that we have secured one 'named' occupier for the above park, given where we are in the aforementioned process.

Please let me know if the above requires any further elaboration.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Douglas Bonham".

Douglas Bonham MRICS
DIRECTOR





TS0461b17

28th March 2017

J Hinton Esq - Development Director
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Dear Mr Hinton

Proposed Development at Grovelfield Way, Cheltenham

I refer to our previous discussions regarding the above site which adjoins the new Cotswold BMW/Mini development and for which you have submitted a planning application for a mixed commercial scheme to include an Aldi Supermarket, a day nursery and a drive-thru Costa Coffee outlet.

In addition, the planning application includes two office buildings, one of which we are discussing regarding a potential occupier.

The remainder of your planning application proposes an outline consent for office development without being specific on the design, layout and size of the buildings.

In my opinion, this is a sensible way of dealing with the overall planning for the site at the current time as in my experience, potential office occupiers either for small or larger amounts of space prefer to understand the nature of the development and nature of other occupiers before they are likely to commence discussions in earnest.

It makes sense for this element of the scheme to allocate the land for office development but for full detailed applications to be developed once the main scheme has been established in accordance with the detailed planning application.

It is very difficult to get office occupiers to engage in discussions before receipt of a planning permission as in our experience, most office occupiers, when they decide to move, will want to ensure a scheme is deliverable before committing resource to negotiations. Unlike retailers, most office occupiers do not have a dedicated property team searching for suitable sites – it tends to be directors or employees who are challenged with this task, which takes them away from their day to day role.

Furthermore, one of the considerations that office occupiers considering space on a business park have to make is the trade-off between more open plan space, with their own front door and a better parking provision against the retail and leisure convenience that a town centre offers. Providing some form of on-site retail provision, such as that proposed, significantly minimises the impact of this. If there were to be no such complimentary uses on the site, it would likely be too big a shift in environment for many businesses (including the occupier who I am representing in discussions for a unit on the site) and their workforce.



I therefore feel the approach taken in securing a consent and delivering complimentary uses before commencing formal marketing of the office space is the best way in which to bring this scheme forward.

I trust the above comments are of assistance to you,

Kindest regards,

Yours sincerely,



T C Smith

tmsmith@johnryde.co.uk

Appendix 3 – Appraisals



Appraisal A – Extant scheme based on 100% B1 offices

REVENUE		File: Extant Consent Feasibility V2	
Offices	142860 units at 342.27 ea.		48,896,692
		REVENUE	48,896,692
COSTS			
Site Value		5,668,750	
Site Stamp Duty		272,938	
Site Legal Fees	at 0.50%	28,344	
Site Agency Fees	at 1.00%	56,688	
		Site Costs	6,026,719
Historic Costs		1,000,000	
S106 & Existing Infrastructure Contr		781,976	
		Initial Payments	1,781,976
Office Build Costs	180,835.00 sq-ft at 188.00 psf	33,996,980	
Contingency	at 3.00%	1,019,909	
Structural Engineer	at 1.50%	509,955	
Novated Architect	at 2.00%	679,940	
Project Management	at 1.75%	594,947	
Finance	at 1.50%	509,955	
		Build Costs	37,311,686
Direct Sale Agents Fee	at 1.00%	488,967	
Direct Sale Legal Fees	at 0.50%	244,483	
		Disposal Fees	733,450
INTEREST	(See CASHFLOW)		3,294,118
5.75% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Feb 19)		
Initial Payments	Month 1 (Feb 19)		
Building Costs	Month 2 to 61 (Mar 19 - Feb 24)		
Direct Sales	Month 16 to 65 (May 20 - Jun 24)		
PROFIT	-251,256	COSTS	49,147,948
PROFIT/SALE	-0.51%	PROFIT/COST	-0.51%
IRR	N/A		

Appraisal B – Single office building – pre-sale to Bloor Homes only

REVENUE		File: Gfield Office Feasibility 231118	
Bloor	19,429 sq ft (NIA) at 342.27 per sq ft		6,649,964
		REVENUE	6,649,964
COSTS			
Site Value		750,000	
Site Stamp Duty		27,000	
Site Legal Fees	at 0.50%	3,750	
Site Agency Fees	at 1.00%	7,500	
		Site Costs	788,250
Historic Costs		200,000	
S106 & Infrastructure Site Contribution		103,345	
		Initial Payments	303,345
Bloor	24,531.00 sq-ft at 188.00 psf	4,611,828	
Contingency	at 3.00%	138,355	
Structural Engineer	at 1.50%	69,177	
Novated Architect	at 2.00%	92,237	
Project Management	at 1.75%	80,707	
		Build Costs	4,992,304
Direct Sale Agents Fee	at 1.00%	66,500	
Direct Sale Legal Fees	at 0.50%	33,250	
		Disposal Fees	99,749
INTEREST	(See CASHFLOW)		250,895
5.75% pa	on Debt charged Quarterly and compounded Quarterly		
Site Costs	Month 1 (Feb 19)		
Initial Payments	Month 1 (Feb 19)		
Building Costs	Month 2 to 16 (Mar 19 - May 20)		
Direct Sales	Month 16 (May 20)		
PROFIT	215,421	COSTS	6,434,543
PROFIT/SALE	3.24%	PROFIT/COST	3.35%

**Appraisal C – Appeal A Scheme with single office building and full ancillary
uses (further B1 space to be provided)**

REVENUE		File: Combined Feasibility 231118	
Aldi	18,740.00 sq-ft at 15.15 psf/pa	283,911	
Inv.Value-A	Net annual income	283,911	
	Capitalised at 4.5% Yield	6,309,133	
	Less Purchasers costs at 6.8%	401,705	5,907,428
Costa	2,200.00 sq-ft at 40.00 psf/pa	88,000	
Inv.Value-B	Net annual income	88,000	
	Capitalised at 5% Yield	1,760,000	
	Less Purchasers costs at 6.8%	112,060	1,647,940
Happy Days	5,404.00 sq-ft at 15.50 psf/pa	83,762	
Inv.Value-C	Net annual income	83,762	
	Capitalised at 6% Yield	1,396,033	
	Less Purchasers costs at 6.8%	88,886	1,307,147
Bloor	19,429 sq ft (NIA) at 342.27 per sq ft		6,649,964
(Net Income: 455,673) (Inv.Sales: 8,862,515) (Dir.Sales: 6,649,964)		REVENUE	15,512,479

COSTS

Site Value		3,250,000	
Site Stamp Duty		152,000	
Site Legal Fees	at 0.50%	16,250	
Site Agency Fees	at 1.00%	32,500	
		Site Costs	3,450,750
Historic Costs		450,000	
S106 & Infrastructure Site Contribution		365,295	
		Initial Payments	815,295
Aldi	18,740.00 sq-ft at 95.00 psf	1,780,300	
Costa	2,200.00 sq-ft at 250.00 psf	550,000	
Happy Days Nursery	5,404.00 sq-ft at 120.00 psf	648,480	
Bloor	24,531.00 sq-ft at 188.00 psf	4,611,828	
Contingency	at 3.00%	227,718	
Structural Engineer	at 1.50%	113,859	

Novated Architect	at 2.00%	151,812	
Project Management	at 1.75%	132,836	
Fund's Project Monitor		35,000	
		Bulld Costs	8,251,833
Letting Agents Fee	at 10.00%	45,567	
Letting Legal Fees	at 5.00%	22,784	
Invest.sale Agents Fee	at 1.00%	88,625	
Invest.sale Contingency Legal Fees		20,000	
Direct Sale Agents Fee	at 1.00%	66,500	
Direct Sale Legal Fees	at 0.50%	33,250	
		Disposal Fees	276,726
Aldi Rent Free		140,550	
Costa Rent Free		44,000	
Happy Days Rent Free		83,762	
		End Payments	268,312
INTEREST	(See CASHFLOW)		383,813
5.50% pa	on Debt charged Quarterly and compounded Quarterly		
Site Value	Month 1 (Feb 19)		
Site Stamp Duty	Month 1 (Feb 19)		
Site Legal Fees	Month 1 (Feb 19)		
Site Agency Fees	Month 1 (Feb 19)		
Historic Costs	Month 1 (Feb 19)		
S106 & Infrastructure Site Contribution	Month 1 (Feb 19)		
Aldi (bld.)	Month 2 to 10 (Mar 19 - Nov 19)		
Costa (bld.)	Month 2 to 10 (Mar 19 - Nov 19)		
Happy Days Nursery (bld.)	Month 2 to 10 (Mar 19 - Nov 19)		
Bloor (bld.)	Month 2 to 16 (Mar 19 - May 20)		
Contingency	Month 2 to 16 (Mar 19 - May 20)		
Structural Engineer	Month 2 to 16 (Mar 19 - May 20)		
Novated Architect	Month 2 to 16 (Mar 19 - May 20)		
Project Management	Month 2 to 16 (Mar 19 - May 20)		
Fund's Project Monitor	Month 2 to 10 (Mar 19 - Nov 19)		

Letting Agents Fee	Month 10 (Nov 19)		
Letting Legal Fees	Month 1 (Feb 19)		
Invest.sale Agents Fee	Month 10 (Nov 19)		
Invest.sale Contingency Legal Fees	Month 1 (Feb 19)		
Direct Sale Agents Fee	Month 17 (Jun 20)		
Direct Sale Legal Fees	Month 1 (Feb 19)		
End Payments	Month 10 (Nov 19)		
Inv.Value-A 4.5%	Month 10 (Nov 19)		
Inv.Value-B 5%	Month 10 (Nov 19)		
Inv.Value-C 6%	Month 10 (Nov 19)		
Direct Sales	Month 16 (May 20)		
PROFIT	2,065,751	COSTS	13,446,729
PROFIT/SALE	13.32%	PROFIT/COST	15.36%
IRR	N/A		

Inv-Yield values may be rounded.

Appraisal D – Appeal B Scheme with reduced ancillary uses - excluding Costa

REVENUE		File: Appeal B Feasibility 261118	
Aldi	18,740.00 sq-ft at 15.15 psf/pa	283,911	
Inv.Value-A	Net annual income	283,911	
	Capitalised at 4.5% Yield	6,309,133	
	Less Purchasers costs at 6.8%	401,705	5,907,428
Ridge	8,151.00 sq-ft at 23.00 psf/pa	187,473	
Inv.Value-B	Net annual income	187,473	
	Capitalised at 6% Yield	3,124,550	
	Less Purchasers costs at 6.8%	198,941	2,925,609
Happy Days	5,404.00 sq-ft at 15.50 psf/pa	83,762	
Inv.Value-C	Net annual income	83,762	
	Capitalised at 6% Yield	1,396,033	
	Less Purchasers costs at 6.8%	88,886	1,307,147
Bloor	19429 units at 342.27 ea.		6,649,964
(Net Income: 555,146) (Inv.Sales: 10,140,184) (Dir. Sales: 6,649,964)		REVENUE	16,790,148

COSTS

Site Value		3,250,000	
Site Stamp Duty		152,000	
Site Legal Fees	at 0.50%	16,250	
Site Agency Fees	at 1.00%	32,500	
		Site Costs	3,450,750
Historic Costs		450,000	
S106 & Infrastructure Site Contribution		365,295	
		Initial Payments	815,295
Aldi	18,740.00 sq-ft at 95.00 psf	1,780,300	
Ridge	9,516.00 sq-ft at 188.00 psf	1,789,008	
Happy Days Nursery	5,404.00 sq-ft at 120.00 psf	648,480	
Bloor	24,531.00 sq-ft at 188.00 psf	4,611,828	
Contingency	at 3.00%	264,888	
Structural Engineer	at 1.50%	132,444	
Novated Architect	at 2.00%	176,592	
Project Management	at 1.75%	154,518	
Fund's Project Monitor		35,000	
		Build Costs	9,593,059
Letting Agents Fee	at 10.00%	55,515	
Letting Legal Fees	at 5.00%	27,757	
Invest.sale Agents Fee	at 1.00%	101,402	
Invest.sale Contingency Legal Fees		20,000	
Direct Sale Agents Fee	at 1.00%	66,500	
Direct Sale Legal Fees	at 0.50%	33,250	
		Disposal Fees	304,423
Aldi Rent Free		140,550	
Happy Days Rent Free		83,762	
Ridge Rent Free		92,000	
		End Payments	316,312
INTEREST	(See CASHFLOW)		411,869
5.50% pa	on Debt charged Quarterly and compounded Quarterly		
Site Value	Month 1 (Feb 19)		
Site Stamp Duty	Month 1 (Feb 19)		
Site Legal Fees	Month 1 (Feb 19)		
Site Agency Fees	Month 1 (Feb 19)		
Historic Costs	Month 1 (Feb 19)		
S106 & Infrastructure Site Contribution	Month 1 (Feb 19)		
Aldi (bld.)	Month 2 to 10 (Mar 19 - Nov 19)		
Ridge (bld.)	Month 2 to 10 (Mar 19 - Nov 19)		
Happy Days Nursery (bld.)	Month 2 to 10 (Mar 19 - Nov 19)		
Bloor (bld.)	Month 2 to 16 (Mar 19 - May 20)		

Contingency	Month 2 to 16 (Mar 19 - May 20)		
Structural Engineer	Month 2 to 16 (Mar 19 - May 20)		
Novated Architect	Month 2 to 16 (Mar 19 - May 20)		
Project Management	Month 2 to 16 (Mar 19 - May 20)		
Fund's Project Monitor	Month 2 to 10 (Mar 19 - Nov 19)		
Letting Agents Fee	Month 10 (Nov 19)		
Letting Legal Fees	Month 1 (Feb 19)		
Invest.sale Agents Fee	Month 10 (Nov 19)		
Invest.sale Contingency Legal Fees	Month 1 (Feb 19)		
Direct Sale Agents Fee	Month 17 (Jun 20)		
Direct Sale Legal Fees	Month 1 (Feb 19)		
End Payments	Month 10 (Nov 19)		
Inv.Value-A 4.5%	Month 10 (Nov 19)		
Inv.Value-B 6%	Month 10 (Nov 19)		
Inv.Value-C 6%	Month 10 (Nov 19)		
Direct Sales	Month 16 (May 20)		
PROFIT	1,898,439	COSTS	14,891,709
PROFIT/SALE	11.31%	PROFIT/COST	12.75%
IRR	N/A		

Inv-Yield values may be rounded.

Appendix 4 – Statutory Declaration

STATUTORY DECLARATION

I, Mr James Hinton, of Hinton Group, Reims House, 8 The Croft, Buntsford Drive, Bromsgrove B60 4JE

HEREBY SOLEMNLY AND SINCERELEY DECLARE as follows:

1. I am the Managing Director of Hinton Group and have held this position for 10 years. Hinton Group is a privately owned company specialising in land acquisition, development, architectural design and construction.
2. Hinton Group have been involved in the appeal site for the last 4 years. We have been working with the landowner to try and bring the existing outline planning permission forward. By way of background, we have worked with the same landowner on other sites they own and our interest in the subject site was because of the existing outline office consent. Our initial, and indeed, continued intention has been to deliver a B1a Office led business park on the site.
3. At the outset we engaged with a local commercial agent, John Ryde Commercial and subsequently with international agent, Colliers International, to determine what B1a requirements were in the market place. Over a 2-year period we held meetings with prospective office tenants, however we struggled to attract firm interest due to the requirements of the said occupiers that could not be fulfilled, the viability of the scheme and market conditions.
4. In the intervening period, we have received interest for a host of other non-B1 uses, from fast food, pub / restaurant, car dealership and hotel occupiers. In every instance, we decided not to pursue these uses because it reduced the quantum of offices that could subsequently be delivered on the remainder of the site, or would jeopardise the quality of the environment we wanted to deliver. Our vision for the site has always been, and remains to be the case, that of achieving Cheltenham's premier out of town business park.
5. Over the 4 years we have promoted the appeal site for an exclusive B1a use it has become clear that the site is not deliverable in its current form owing to it not being attractive to many users due to the lack of ancillary uses and also not being viable.

Consequently, we introduced a small quantum of complimentary uses into the master plan to create a business park environment more befitting of that required by a modern day office occupier. Consequently, we were approached by Bloor Homes and Ridge. Heads of Terms have now been agreed with both occupiers.

6. It is clear to us that modern day office occupiers want to be located adjacent to complimentary uses, which also from a development perspective make the whole scheme viable. Due to market conditions, if these non B1 uses were not provided then the development would not be viable.

7. It remains Hinton Group's firm commitment to deliver the Site as a B1a office led business park. Indeed, we are continuing to promote the Site through the emerging plan along this basis. We are pursuing these appeals solely to achieve this outcome. However, we are of the view that the only means by which employment land can be delivered on this Site is through providing the ancillary uses we have included within the appeal proposals. The only reason we are providing such uses is to ensure the delivery of the B1a offices. In the absence of such uses, we see no way of delivering the Site for employment land.

AND I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act 1835.

Declared by Mr James Hinton

Date 07/12/18

Signed 